

CITY OF ROSENBERG WORKSHOP COUNCIL MEETING MINUTES

On this the 28th day of July, 2015, the City Council of the City of Rosenberg, Fort Bend County, Texas, met in a Workshop Session, in the Rosenberg City Hall Council Chamber, located at 2110 4th Street, Rosenberg, Texas.

PRESENT

Cynthia A. McConathy	Mayor
William Benton	Councilor at Large, Position 1
Amanda J. Barta	Councilor at Large, Position 2
Jimmie J. Pena	Councilor, District 1
Susan Euton	Councilor, District 2
Lisa M. Wallingford	Councilor, District 3
Lynn Moses	Councilor, District 4

STAFF PRESENT

Robert Gracia	City Manager
Scott M. Tschirhart	City Attorney
Linda Cernosek	City Secretary
John Maresh	Assistant City Manager of Public Services
Jeff Trinker	Executive Director of Support Services
Joyce Vasut	Executive Director of Administrative Services
Travis Tanner	Executive Director of Community Development
Dallis Warren	Police Chief
Wade Goates	Fire Chief
James Lewis	Information Services Manager
Kaye Supak	Executive Assistant

During a City Council Workshop, the City Council does not take final action on the agenda items and any consideration of final action will be scheduled at a Regular or Special City Council Meeting. Public comments are welcomed at Regular or Special City Council Meetings. No public comments will be received at a Workshop Meeting.

The City Council reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed below, as authorized by Title 5, Chapter 551, of the Texas Government Code.

CALL TO ORDER.

Mayor McConathy called the meeting to order at 6:02 p.m.

AGENDA

1. REVIEW AND DISCUSS PROJECTED FY2016 REVENUES, AND TAKE ACTION AS NECESSARY TO DIRECT STAFF.

Executive Summary: This item allows City Council the opportunity to discuss the proposed FY2016 revenues. Prior to discussion, staff will provide a presentation regarding the proposed revenues for FY2016.

Key Discussion Points: Joyce Vasut, Executive Director of Administrative Services, gave a presentation on the Revenue Overview - FY2016 Proposed Budget, and explained each of the major funds that are included in the FY2016 Budget:

- The General Fund is the largest fund and it covers the majority of the departments in the City.

- The Special Revenue Funds includes any revenues that get their revenue from a source which restricts how the revenues may be spent.
- The Debt Service Fund includes revenues generated from property taxes and transfers from other funds, and is used to pay principal, interest, and other bond-related fees.
- The Capital Project Fund is a transfer from a general fund to Fund 410, where we fund our larger, one-time purchases.
- Enterprise Funds includes large-dollar amount funding, the majority of revenues coming from the Water/Wastewater Fund.
- Internal Service Funds comes from all the other funds, mostly contributed by internal sources within the City.

2. **REVIEW AND DISCUSS ROSENBERG'S CURRENT PROPERTY TAX RATE, THE PROJECTED EFFECTIVE TAX RATE AND THE PROPOSED TAX RATE FOR FISCAL YEAR 2016, AND TAKE ACTION AS NECESSARY TO DIRECT STAFF.**

Executive Summary: This Agenda item will provide City Council an opportunity to discuss the City's proposed 2015 tax rate for FY2016. Staff will provide an update on the tax rate information, including a timetable for calculating the effective tax rate and the rollback rate, as well as discussing dates for public hearings on the tax rate.

Key Discussion Points: Joyce Vasut gave a presentation on Property Taxes and Tax Rates.

- The tax rate is determined as follows:
 - Debt Rate – The portion of the total tax rate used to generate revenues for the Debt Service Fund to pay existing debt obligations including principal and interest. The current debt rate is \$0.23142.
 - Maintenance and Operating Rate (M&O Rate) – The portion of the total tax rate used to generate revenues for General Fund maintenance and operating costs. The current M&O rate is \$0.25858.
 - Total Tax Rate – The total of the Debt Rate and M&O rate. Effective tax rate is calculated on the total rate. The current total tax rate is \$0.49.
- The debt rate is summarized as follows:
 - The Debt Rate is a calculation. Council does not set the debt rate.
 - The Debt Rate should remain as stable and consistent as possible.
 - Based on the calculation, we have capacity to increase debt requirements by approximately
 - \$278,000 for debt paid by property taxes
 - \$442,000 for debt paid by the Water/Wastewater and the Subsidence Funds
 - We can issue the following without increasing the debt rate:
 - \$10 million of Certificates of Obligation for water/wastewater and road improvements (Bryan, Spacek and Old Richmond Roads) in 2015
 - \$10 million for water/wastewater and GRP projects in 2016
- The purpose of striving to keep the debt rate at a consistent level is to avoid large fluctuations in the property tax revenues in the General Fund.
- Ms. Vasut presented information regarding raising the minimum Homestead Exemption, of which the Council was generally in favor and would like to see more information on in the next tax year.

3. **REVIEW AND DISCUSS ROSENBERG'S CURRENT DEBT AND THE DEBT SERVICE FUND FOR FISCAL YEAR 2016, AND TAKE ACTION AS NECESSARY TO DIRECT STAFF.**

Executive Summary: This Agenda item will provide City Council an opportunity to discuss the City's debt service obligations for the Debt Service Fund, Water/Wastewater Fund, the Civic Center Fund and the Rosenberg Development Corporation (RDC). Executive Director of Administrative Services, Joyce Vasut will provide an overview of the City's current debt and the projected impact of future debt.

Key Discussion Points: Joyce Vasut gave a presentation on Debt Service - FY2016 Budget.

- Key Points Regarding Current Debt are as follows:
 - Scheduled annual payments reduce the City's outstanding debt (principal) by an average of \$4.8 million per year for the next two years.
 - Based on the current debt schedules, annual debt service requirements (principal and interest) will decrease by approximately \$200,000 in FY2017, and \$900,000 in FY2018 due to the retirement of debt issues.
 - The City's outstanding tax supported debt was most recently rated "Aa3" by Moody's and increased to "AA-" by Standard and Poor's, further indicating the City's fiscal stability and highlighting the City's very strong creditworthiness.
- Key Points Regarding Future Debt are as follows:
 - Water/Wastewater, Subsidence, RDC and Civic Center Funds will continue to pay 100% of their portion of the debt.
 - Future debt issued for the Alternate Water Project should be paid with subsidence fees or water impact fees and consequently should not increase the City's debt tax rate.
 - Other alternatives to strategically maintain the debt rate include:
 - Strategically schedule the issuance of debt to qualify as "Bank Qualified" \$10,000,000 per year.
 - Structure future debt to control impact of debt rate.
 - Maintain adequate fees for special purposes (subsidence fees) to continue to cover the associated costs.
- Council requested to see details on the Debt Service Fund total current obligations; specifically, a breakdown of what the Certificates of Obligation were issued for, and which of those we would have the opportunity of refinancing.

4. **REVIEW AND DISCUSS A REQUEST FROM QUADVEST, L.P., FOR A PROPOSED WATER RATE INCREASE FOR CUSTOMERS IN THE BRIDLEWOOD ESTATES SUBDIVISION, AND TAKE ACTION AS NECESSARY TO DIRECT STAFF.**

Executive Summary: The City of Rosenberg received email correspondence from Quadvest, L.P., notifying the City of a proposed rate change to increase its water rates. Quadvest, L.P., is requesting City of Rosenberg approval. This rate change will only affect residents that live in the Bridlewood Estates subdivision.

Bridlewood Estates is located partially within the Corporate Limits of Rosenberg, and the remainder of the development is located within the City's Extraterritorial Jurisdiction (ETJ).

This item is to allow City Council the opportunity to discuss the proposed rates and direct staff.

Key Discussion Points: Scott Tschirhart, City Attorney gave an overview of the item and introduced Jeff Eastman, Chief Financial Officer of Quadvest, L.P. Mr. Eastman explained that Phase I would commence August 8, 2015, and Phase II is currently scheduled to commence January 1, 2016, pending 100% implementation of smart meters throughout the affected region, which could push commencement back as far as December 2016. Phase I would increase the water rate by \$2.80 per month, and Phase II would increase the rate by an additional \$1.63, for a total increase of \$4.43 per month to the base fee. The purpose of the rate increase is to support infrastructure improvements, since there are no tax revenues coming in, unlike in a MUD or municipality. Quadvest, L.P. has not increased their rates in 4 years. The general consensus of the Council was to take no future action on this matter, deflecting to the decision of the Public Utilities Commission.

5. **REVIEW AND DISCUSS PROPOSED REVISION TO THE CITY COUNCIL RULES OF PROCEDURE, AND TAKE ACTION AS NECESSARY TO DIRECT STAFF.**

Executive Summary: The City Council Rules of Procedure – Eighth Revision is being presented to City Council to accommodate a request made at the July 07, 2015, meeting to move the

"Announcements" Agenda item to the beginning of the meeting.

Staff is requesting City Council's recommendation of where on the Agenda the "Announcements" item should be placed, and suggests to place it as the first item on the Regular Agenda.

After City Council's consensus on placement of "Announcements" on the Agenda, staff requests the City Council give direction on any other changes deemed necessary.

The Ninth Revision of the City Council Rules of Procedure will be presented to City Council on a future Agenda for consideration.

Key Discussion Points: Scott Tschirhart gave an overview of the item. After discussion, the general consensus of Council was to move the announcements from the end of the meeting to the beginning of the meeting, immediately following the Invocation and Pledge of Allegiance. No other procedural changes are requested at this time. This procedural change will be presented in the form of a Resolution at a future meeting.

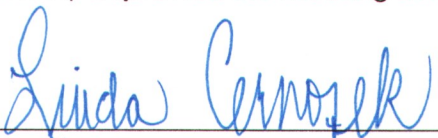
6. **REVIEW AND DISCUSS THE PROPOSED INSTALLATION OF THREE-WAY STOP SIGNS AT THE INTERSECTION OF CALLENDER STREET AND HOUSTON STREET, AND TAKE ACTION AS NECESSARY TO DIRECT STAFF.**

Executive Summary: This item has been included on the Agenda to allow City Council an opportunity to discuss the potential installation of stop signs at the intersection of Callender Street and Houston Street, and to direct staff as necessary.

Key Discussion Points: Amanda J. Barta, Councilor, At-Large Position Two, gave an overview of this item, explaining that this intersection sees a lot of fast-moving traffic, especially during the school year. A traffic study was conducted earlier this year, prior to reducing the speed limit from 30 miles per hour to 25 miles per hour, and adding a radar sign. Because the aforementioned traffic calming methods have not been as effective as intended, Councilor Barta believes a stop sign is the necessary next step to provide relief. Mr. Tschirhart stated that Council would need to pass an Ordinance in order to place the stop sign, and the Ordinance would need to be amended or rescinded in order to remove the stop sign if ever desired in the future. The general consensus of Council was in favor of installing a stop sign at the intersection of Houston Street and Callender Street, which will be presented in the form of an Ordinance at a future meeting.

7. **ADJOURNMENT.**

There being no further business, Mayor McConathy adjourned the meeting at 7:58 p.m.


Linda Cernosek, TRMC, City Secretary